



Arizona State Retirement System

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Fact Sheet

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Alternate Contribution Rate

Legislation passed in the 50th Legislature-First Regular Session under Senate Bill 1609 authorizes the ASRS to implement an Alternate Contribution Rate (ACR) to employers who hire ASRS retirees who return to work. The rate will be charged to and paid by the employer, not the retiree. The purpose of the legislation is to mitigate the potential actuarial impact that retired members who return to work might have on the Trust Fund.

Here is a summary of the provisions now contained in Laws 2011, Chapter 26:

- Beginning July 1, 2012, requires employers to pay an Alternate Contribution Rate (ACR) for members who return to work in any capacity and in a position ordinarily filled by an employee of the employer.
- Charges the ACR starting the first day after retirement for a member who reached normal retirement and for a member who is an early retiree working less than 20/20 for as long as that member stays in service and for any future employment periods during which the member does not suspend their benefits and resume active membership.
- States that the retired member does not accrue credited service, member service (for UORP), account balances, retirement benefits or LTD Program benefits, and the time is not later eligible for service purchase.
- Requires employers to pay the ACR on behalf of any retiree that it employs regardless of 20/20 status, direct/leasing/contracting arrangement, or whether the retiree satisfied the 12-month break in service without working in a leased or contract arrangement.
- States that late contributions are subject to interest (8%) and may be recovered in court or by state revenue offsets.
- Requires employers to submit any reports, data, paperwork, or materials required by the ASRS to determine the function, utilization, efficacy or operation of the return to work program.
- Includes a Legislative Intent clause that states the purpose of the legislation is to mitigate the potential actuarial impact that retired members who return to work might have on the Trust Fund.

ASRS Return to Work - Violations

- Clarifies the period for which a member shall repay suspended pensions to the ASRS starts with the date the ASRS notifies the member in writing that their employment violated the statute, the date the ASRS determines the member knew or should have known that their employment violated the statute, or any other time period that approximates the duration of the violation, as determined by the ASRS.
- Requires an employer that employed a member whose pension was suspended to pay the ASRS the ACR starting with the date the member returned to employment. The employer is required to make the ACR payment through the earlier of:
 - The date the member terminates employment,
 - The date the employer begins making the ACR payment required by the new Return to Work statute, or
 - The date the member resumes active membership in the ASRS.